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The President's Daily Brief

April 7, 1976

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~~Top Secret~~

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April 7, 1976

25X1

Table of Contents

Lebanon: Socialist leader Kamal Jumblatt [redacted] showing some flexibility on issues involved in the political crisis. *(Page 1)* 25X1

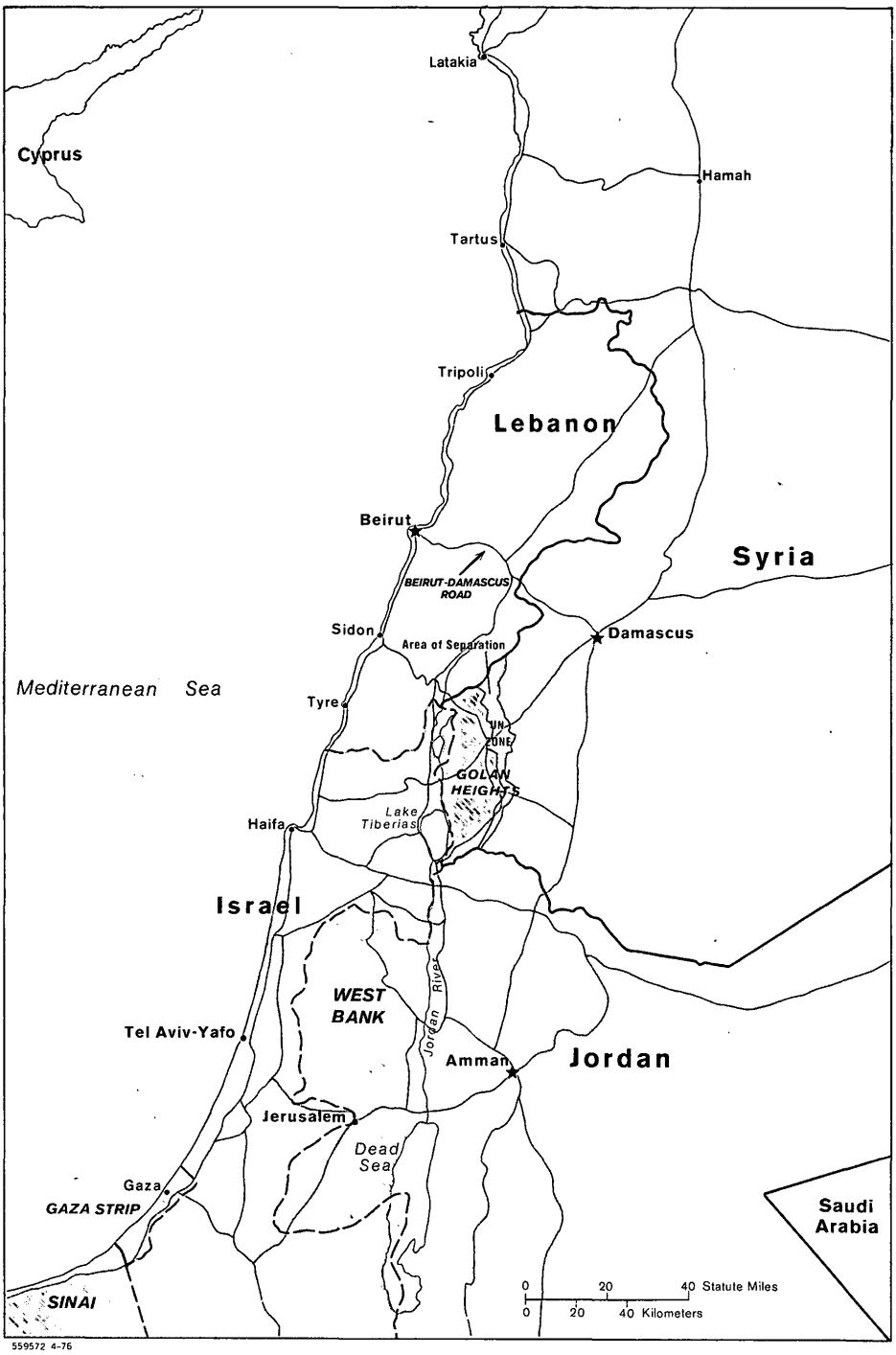
USSR: Arbatov's article in Pravda last week blames Washington for current bilateral difficulties and is specifically critical of your administration. *(Page 3)*

China: The offensive against policies associated with Vice Premier Teng Hsiao-ping includes attacks on his program for modernizing the military. *(Page 4)*

Note: OPEC *(Page 6)*

Declassified in Part - Sanitized Copy Approved for Release 2016/07/19 : CIA-RDP79T00936A013300010007-2

Declassified in Part - Sanitized Copy Approved for Release 2016/07/19 : CIA-RDP79T00936A013300010007-2



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LEBANON

[redacted] 25X1

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[redacted] Jumblatt [redacted] 25X1

[redacted] leftist coalition yesterday 25X1
issued a statement expressing satisfaction with the current truce and appreciation for the efforts of "the various quarters" to resolve the political crisis.

The leftists also indicated their qualified acceptance of the Syrian mediation effort and a willingness to allow forces of the Syrian-controlled Palestine Liberation Army to assist in providing security so that parliament can meet. The speaker of parliament announced yesterday that all sides have agreed to meet on Saturday in a neutral zone of Beirut. They will discuss the constitutional amendment allowing for the early replacement of Franjiyah.

The US embassy reports that Jumblatt has privately indicated his willingness to extend the political settlement process beyond the ten-day truce period, provided substantial progress is achieved in the meantime. Presumably, Jumblatt would accept amendment of the constitution as substantial progress and would allow election of a new president to be delayed until next week.

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Jumblatt's more cooperative stand--which he could reverse at any time--may result from fear that Syria is prepared to use whatever force is necessary to forestall a leftist effort to spark another round of heavy fighting. [redacted] 25X1

[redacted]

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Declassified in Part - Sanitized Copy Approved for Release 2016/07/19 : CIA-RDP79T00936A013300010007-2

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has unconfirmed information that a Syrian armored brigade moved into the northernmost region of Lebanon yesterday. The report came from a contact in Lebanon's internal security force. We have no information to confirm this report, but a Syrian armored brigade stationed at Hamah, some 40 miles northeast of the border, could be moved quickly into Lebanon.

Intercepts show that the Syrian naval blockade of Lebanese ports remained in effect yesterday. Syrian ships, which may now be based at Tripoli, are patrolling most of the Lebanese coast.

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USSR

Georgy Arbatov's article in Pravda last week blames Washington for current bilateral difficulties and is specifically critical of your administration. The article has been touted privately by several Soviets as a very important statement.

Arbatov's analysis of the recent course of US-Soviet relations is familiar fare. He credits a changing correlation of world forces with prompting favorable changes in US foreign policy. He notes signs of backsliding in Washington, however, under the pressures generated by US economic and political problems and the realities of the US presidential campaign. In undisguised criticism of you, Arbatov attacks the concept of "peace through strength" as reminiscent of cold war attitudes. He warns that concessions made during a political campaign may persist beyond the election, "sometimes creating serious difficulties."

Arbatov analyzes recent US foreign policy "defeats" (he mentions Southeast Asia, Portugal, "miscalculations in the Eastern Mediterranean," and Angola) as being the result of wrong-headed policies in Washington, rather than of any communist intrigues.

Referring to the inevitability of occasional reverses for both superpowers, Arbatov argues that "detente" must not be made a scapegoat. He clearly does not want current problems between the US and the USSR to jeopardize the gains made in arms control. His message seems to be that progress can still be made despite other setbacks to the relationship.

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The offensive against policies associated with Vice Premier Teng Hsiao-ping includes attacks on his program for modernizing the military. The radicals have avoided press discussion of this sensitive matter, and have generally confined their attacks on military policy to wall posters. They are apparently trying to capitalize on the disaffection among military figures that was created by Teng's policies.

At issue is a directive approved last summer that calls for the upgrading of China's conventional forces. The posters charge that the directive overemphasizes military proficiency, and that Teng tried to reduce the political influence of important provincial military figures.

Indeed, Teng has worked hard over the past three years to remove the armed forces, particularly the military region commanders, from civilian politics and to curb their political power. At the same time, Teng has "rehabilitated" and promoted to important positions in Peking a number of military men whose advocacy of modernization of China's military establishment, in many cases, led to their purge early in the Cultural Revolution. Regional commanders could have seen these rehabilitations as threatening their own influence within the army.

One of the most significant charges against Teng, aside from the modernization issue, is that he monopolized control of the armed forces. This seems to be an attempt to win over those who opposed his appointment as armed forces chief of staff; he is the first civilian ever named to this post.

Although the evidence is sparse, the criticisms thus far do not seem to have had much impact. Important military figures, particularly in the provinces, have shown little enthusiasm for the campaign against Teng. Most of the officer corps favors Teng's efforts to upgrade the armed forces' fighting capability. Others may not be completely

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satisfied with Teng, but in the long run are likely to find in the radicals a less agreeable alternative. As for those military officers whose sympathies lie with the radicals, their views probably parallel the wall poster criticism; otherwise, they seem to be keeping their heads down.

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NOTE

OPEC investment in the US increased $6.4 billion in 1975, bringing the total to nearly $20 billion at the end of the year. The US part of OPEC foreign investment was at least 25 percent, compared with 20 percent in 1974.

Purchases of corporate and medium- and long-term government securities accounted for most of the new holdings. Bank deposits and holdings of short-term government securities--at one time the major share of OPEC investment--increased only slightly. The shift toward less liquid assets in the US portfolio reflects the growing predominance of Persian Gulf oil producers, whose wealth permits investment in longer-term assets, increased investor confidence in the US economy, and declining short-term interest rates. Saudi Arabia, Kuwait, and the United Arab Emirates accounted for over 65 percent of OPEC's investment in the US at the end of 1975, compared with less than 35 percent a year earlier.

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